

VENICE TOWNSHIP  
FINANCIAL STATEMENTS  
MARCH 31, 2005

Michigan Department of Treasury  
496 (2-04)

MAR 14 2006

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>VENICE TOWNSHIP</b>	LOCAL AUDIT & FINANCE DIV.	County <b>SHIAWASSEE</b>
Audit Date <b>3/21/05</b>	Opinion Date <b>12/29/05</b>	Date Accountant Report Submitted to State: <i>March 9, 2006</i>		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name) <b>Demis and Wenzlick, P.C.</b>			
Street Address <b>217 N. Washington St. Suite 201</b>	City <b>Owosso</b>	State <b>MI</b>	ZIP <b>48867</b>
Accountant Signature <i>Geraldine Terry CPA</i>		Date <i>March 9, 2006</i>	

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# DEMIS and WENZLICK, P.C.

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Gail Winnick, C.P.A.

## INDEPENDENT AUDITOR'S REPORT

Members of the Township Board  
Venice Township Board  
Shiawassee County, Michigan

We have audited the accompanying general-purpose financial statements of Venice Township, Michigan, as of and for the year ended March 31, 2005. These general-purpose financial statements are the responsibility of Venice Township, Michigan's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities and business-type activities as required by the Governmental Accounting Standards Board (GASB 34). Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. GASB 34 requires management's discussion and analysis which also has not been prepared.

In our opinion, except for the non-application of GASB 34, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Venice Township, Michigan, as of March 31, 2005, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining, individual fund and account group financial statements. The accompanying financial information listed as schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Venice Township. The information in these schedules has been subjected to the auditing procedures applied in the audit of the general purpose, combining, individual fund and account group financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account groups, taken as a whole.

Our report of comments and recommendations has been submitted under date of December 29, 2005.

*Dennis and Wenzel, PC*

Certified Public Accountants

Owosso, Michigan  
December 29, 2005

VENICE TOWNSHIP  
COMBINED BALANCE SHEET - ALL FUNDS AND ACCOUNT GROUPS  
MARCH 31, 2005

	Government Fund Types			Proprietary Fund Types		Fiduciary Fund Type		General	
	General	Special Revenue	Capital Projects	Enterprise		Trust and Agency Funds		Fixed Asset Fund	Long Term Debt Fund
<b>ASSETS:</b>									
Cash	\$ 113,094	\$ 94,774	\$ 386,296	\$	36,867	\$	102,445	\$	
Restricted Cash	1,000				12,316				
Accounts Receivable					3,966				
Accrued Int. Receivable					1,882				
Due From County	2,314	4,806			145				
Prepaid Insurance					848,472			1,628,433	
Current Portion of Connection Fees Rec.					16,232				
Due from Other Entities	3,797								
Due from Other Funds	18,605	2,907	19,758						
Fixed Assets (Net of Accum. Deprec.)									
Long-Term Portion of Connection Fees Rec.									
Amount to be Provided for Retirement of Long Term Debt									449,111
<b>TOTAL ASSETS</b>	<b>\$ 138,810</b>	<b>\$ 102,487</b>	<b>\$ 406,054</b>	<b>\$</b>	<b>\$ 919,880</b>	<b>\$</b>	<b>\$ 102,445</b>	<b>\$ 1,628,433</b>	<b>\$ 449,111</b>
<b>LIABILITIES:</b>									
Accounts Payable	\$ 7,951	1,046		\$	2,012	\$		\$	
Due to Other Funds	19,758		2,070				24,753		
Due to Other Taxing Ent.							77,692		
General Long Term Debt-Loan									449,111
Deferred Revenue					16,290				
<b>TOTAL LIABILITIES</b>	<b>\$ 27,709</b>	<b>\$ 1,046</b>	<b>\$ 2,070</b>	<b>\$</b>	<b>\$ 18,302</b>	<b>\$</b>	<b>\$ 102,445</b>	<b>\$ 0</b>	<b>\$ 0</b>
Contribution in Aid of Construction (Net of Amort.)				\$	480,196	\$		\$	
Investment in General Fixed Assets									
Retained Earnings					421,382			1,628,433	
Fund Balance	111,101	101,441	403,984						
<b>TOTAL FUND EQUITY</b>	<b>\$ 111,101</b>	<b>\$ 101,441</b>	<b>\$ 403,984</b>	<b>\$</b>	<b>\$ 901,578</b>	<b>\$</b>	<b>\$ 102,445</b>	<b>\$ 1,628,433</b>	<b>\$ 0</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 138,810</b>	<b>\$ 102,487</b>	<b>\$ 406,054</b>	<b>\$</b>	<b>\$ 919,880</b>	<b>\$</b>	<b>\$ 102,445</b>	<b>\$ 1,628,433</b>	<b>\$ 449,111</b>

The accompanying notes are an integral part of the financial statements.

VENICE TOWNSHIP  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES, AND COMPARISON OF BUDGET TO ACTUAL  
YEAR ENDED MARCH 31, 2005

GENERAL FUND

SPECIAL REVENUE FUND TYPES

CAPITAL PROJECT FUND TYPES

REVENUES:	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET
Grant Income	\$	\$	\$	\$	0 \$	5,750 \$	\$	57,558	\$
Loan Proceeds		3,226	74		0	0			0
Taxes	3,300			54,856	54,488	368			57,558
Fees & Permits	11,900	22,024	(10,124)	1,000	1,470	(470)			0
Intergovernmental	130,000	144,151	(14,151)			0			0
Interest & Misc	4,650	20,368	(15,718)	120	3,385	(3,265)		500	(4,231)
Landfill Fees	105,000	147,877	(42,877)			0		96,500	(3,902)
<b>TOTAL REVENUES</b>	\$	337,646 \$	(82,796) \$	\$	55,976 \$	65,093 \$	\$	154,558 \$	49,425 \$
<b>EXPENDITURES:</b>									
Township Board	\$	12,300 \$	8,463 \$	\$	3,837	0	\$	\$	0
Twp Hall/Fire Hall	24,000	18,981	5,019		0	0			0
Supervisor	7,950	7,691	259		0	0			0
Clerk	10,650	9,700	950		0	0			0
Board of Review	1,150	270	880		0	0			0
Treasurer	16,600	13,201	3,399		0	0			0
Cemetery	20,600	11,569	9,031		0	0			0
Assessor	16,700	17,679	(979)		0	0			0
Elections	7,150	6,139	1,011		0	0			0
Planning Commission	9,400	4,946	4,454		0	0			0
Drains at Large	30,000	12,900	17,100		0	0			0
Roads	120,000	100,608	19,392		0	0			0
Street Lights	3,750	3,610	140		0	0			0
Insurance	22,500	22,190	310		0	0			0
Equipment	4,500	3,901	599		0	0			0
Social Security	3,750	3,342	408		0	0			0
Principal - LTD	119,000	112,677	6,323		0	0			0
Interest Expense	26,000	25,392	608		0	0			0
Fire	0	0	0	89,175	61,313	27,862			0
Landfill Advisory	575	495	80		0	0			0
<b>TOTAL EXPENDITURES</b>	\$	456,575 \$	383,754 \$	\$	72,821	27,862	\$	0 \$	0 \$
<b>EXCESS OF REVENUES OVER (UNDER)</b>									
<b>EXPENDITURES</b>	\$	(201,725) \$	(46,108) \$	\$	(155,617)	(36,979)	\$	154,558 \$	49,425 \$
<b>OTHER SOURCES OF FUNDS:</b>									
Transfers In	\$	100,000 \$	50,000 \$	\$	50,000	1,570	\$	0 \$	0
Transfers Out	0	(8,430)	8,430	0	0	0	(110,000)	(50,000)	(60,000)
<b>OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) OF FUNDS</b>	\$	(101,725)	(4,538) \$	\$	(97,187)	(35,409)	\$	44,558	(10,575)
Fund Balance at 03-31-04		115,639			89,231			348,851	
Fund Balance at 03-31-05	\$	111,101		\$	101,441		\$	403,984	

The accompanying notes are an integral part of the financial statements.

VENICE TOWNSHIP  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>CAPITAL</u>
	<u>GENERAL</u>	<u>SPECIAL</u>	<u>PROJECTS</u>
	<u>FUND</u>	<u>REVENUE</u>	
REVENUES:			
Grants	\$ -0-	\$ 5,750	\$ -0-
Taxes	3,226	54,488	-0-
Fees & Permits	22,024	1,470	100,402
Intergovernmental	144,151	-0-	-0-
Miscellaneous	<u>168,245</u>	<u>3,385</u>	<u>4,731</u>
TOTAL REVENUES	\$ 337,646	\$ 65,093	\$ 105,133
EXPENDITURES:			
Township Board	\$ 8,463	\$	\$
Twp. Hall/Fire Hall	18,981		
Supervisor	7,691		
Clerk	9,700		
Board of Review	270		
Treasurer	13,201		
Township Hall	-0-		
Cemetery	11,569		
Assessor	17,679		
Elections	6,139		
Planning	4,946		
Drains at Large	12,900		
Roads	100,608		
Street Lights	3,610		
Township Equipment	3,901		
Landfill Advisory	495		
Insurance	22,190		
Social Security	3,342		
Principal - LTD	112,677		
Interest Expense - LTD	25,392		
Fire	<u>-0-</u>	<u>61,313</u>	
TOTAL EXPENDITURES	\$ <u>383,754</u>	\$ <u>61,313</u>	\$ <u>-0-</u>
EXCESS OF REVENUES			
OVER (UNDER)			
EXPENDITURES	\$ (46,108)	\$ 3,780	\$ 105,133
OTHER SOURCES (USES) OF FUNDS:			
Transfers In	\$ 50,000	\$ 8,430	\$ -0-
Transfers Out	<u>(8,430)</u>	<u>-0-</u>	<u>(50,000)</u>
EXCESS OF REVENUES OVER			
(UNDER) EXPENDITURES			
AND OTHER SOURCES OF			
FUNDS	\$ (4,538)	\$ 12,210	\$ 55,133
Fund Balance 3-31-04	<u>115,639</u>	<u>89,231</u>	<u>348,851</u>
FUND BALANCE 3-31-05	\$ <u>111,101</u>	\$ <u>101,441</u>	\$ <u>403,984</u>

The accompanying notes are an integral  
part of the financial statements.

VENICE TOWNSHIP  
SEWER FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN RETAINED EARNINGS  
YEAR ENDED MARCH 31, 2005

REVENUES:	
Sewer Revenues	\$ 42,084
Interest on Hook-Ups	986
Tap in Fees and Other	<u>243</u>
TOTAL REVENUES	\$ 43,313
EXPENDITURES:	
Operation of Plant	\$ 24,416
Maintenance and Miscellaneous	6,525
Depreciation Expense	<u>14,642</u>
TOTAL EXPENDITURES	\$ <u>45,758</u>
NET INCOME (LOSS) FROM OPERATIONS	\$ (2,445)
Amortization of Contribution in Aid of Construction	9,604
Retained Earnings at Beginning of Year	<u>414,223</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$421,382</u>

The accompanying notes are an integral  
part of the financial statements.

VENICE TOWNSHIP  
SEWER FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31, 2005

Cash Flows from Operating Activities:	
Net Income (Net of Amortization)	\$ 7,159
Adjustments to Reconcile Net Income to	
Net Cash Provided by Operating Activities:	
Depreciation	14,642
Amortization	(9,604)
(Increase) Decrease in Receivables	(1,328)
(Decrease) Increase in Accts. Payable	626
(Increase) Decrease in Due from Other Funds	85
Increase (Decrease) in Deferred Revenue	<u>(1,810)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 9,770

Cash Flows from Investing Activities:	
Fixed Assets Expenditures	\$ <u>-0-</u>
NET INCREASE (DECREASE) IN CASH	\$ 9,770

Cash at Beginning of Year	<u>27,097</u>
CASH AT END OF YEAR	\$ <u><u>36,867</u></u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash Paid during the Year for:	
Interest	\$ <u><u>-0-</u></u>

The accompanying notes are an integral part of the financial statements.

VENICE TOWNSHIP  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
YEAR ENDED MARCH 31, 2005

CURRENT TAX COLLECTION FUND

	BALANCE 3-31-04	ADDITIONS	DEDUCTIONS	BALANCE 3-31-05
ASSETS				
Cash	\$ <u>66,091</u>	\$ <u>1,496,487</u>	\$ <u>1,460,133</u>	\$ <u>102,445</u>
	\$ <u>66,091</u>	\$ <u>1,496,487</u>	\$ <u>1,460,133</u>	\$ <u>102,445</u>
LIABILITIES				
Due to Taxpayers	\$ -0-	\$ 3,357	\$ -0-	\$ 3,357
Due to Other Funds	15,404	143,419	139,236	19,587
Due to Other Taxing Entities	<u>50,687</u>	<u>1,349,711</u>	<u>1,320,897</u>	<u>79,501</u>
	\$ <u>66,091</u>	\$ <u>1,496,487</u>	\$ <u>1,460,133</u>	\$ <u>102,445</u>

TRUST AND AGENCY FUND

ASSETS				
Cash	\$ <u>187</u>	\$ <u>-0-</u>	\$ <u>187</u>	\$ <u>-0-</u>
LIABILITIES				
Due to Other Funds	\$ 187	\$ -0-	\$ 187	\$ -0-
Due to Other Gov't Entities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	\$ <u>187</u>	\$ <u>-0-</u>	\$ <u>187</u>	\$ <u>-0-</u>

The accompanying notes are an integral  
part of the financial statements.

VENICE TOWNSHIP  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS (CONTINUED)  
YEAR ENDED MARCH 31, 2005

COMBINED AMOUNTS

	<u>BALANCE</u> <u>3-31-04</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>3-31-05</u>
<b>ASSETS</b>				
Cash	\$ 66,278	\$1,496,487	\$1,460,320	\$102,445
Due from Other Gov't Entities	-0-	-0-	-0-	-0-
	<u>\$ 66,278</u>	<u>\$1,496,487</u>	<u>\$1,460,320</u>	<u>\$102,445</u>
<b>LIABILITIES</b>				
Due to Other Funds	\$ 15,591	\$ 146,776	\$ 137,614	\$ 24,753
Due to Other Gov't Entities	50,687	1,349,711	1,322,706	77,692
	<u>\$ 66,278</u>	<u>\$1,496,487</u>	<u>\$1,460,320</u>	<u>\$102,445</u>

The accompanying notes are an integral part of the financial statements.

VENICE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Venice Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

A. REPORTING ENTITY

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no component units that need to be included in the Townships annual report.

B. FUND ACCOUNTING

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

VENICE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. FUND ACCOUNTING (CONTINUED)

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: Governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

Special Revenue Funds are used to account for the proceeds of special revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

VENICE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2005

B. FUND ACCOUNTING (CONTINUED)

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. Only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund liability as incurred.

These revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses and charges for services. Sales taxes collected and held by the state at year end on behalf of the government also are recognized as revenue. Fines, permits and parking meter revenues are not susceptible to accrual because generally they are not measurable until received cash.

VENICE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2005

C. BASIS OF ACCOUNTING

The government reports deferred revenue on its combined balance sheet. Deferred revenue arise when a potential revenue does not meet the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D. BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. All annual appropriations lapse at fiscal year end.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is not utilized in the governmental funds. Encumbrances outstanding at year end are not reported as reservations of fund balances and also do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

E. CASH AND INVESTMENTS

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. these receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

VENICE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2005

G. FIXED ASSETS

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchase fixed assets are valued at cost where historical records are available and at an estimated historical costs where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method.

H. COMPENSATED ABSENCES

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

I. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

VENICE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2005

J. COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

NOTE 2. LEGAL COMPLIANCE - BUDGETS

Before the beginning of each fiscal year, all agencies of the government submit requests for appropriation so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before the beginning of each fiscal year, the proposed budget is presented to the board for review. The government's board holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available or the revenue estimates must be changed by an affirmative vote of a majority of the board.

Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary.

NOTE 3. CASH AND CERTIFICATES OF DEPOSIT

The township's deposits at March 31, 2005, consisted of cash and certificates of deposit at one financial institution.

<u>INSTITUTION A</u>	<u>AMOUNT</u>	<u>FDIC INSURED</u>	<u>UNINSURED</u>
Demand and Time	<u>\$734,476</u>	<u>\$200,000</u>	<u>\$534,476</u>
	<u>\$734,476</u>	<u>\$200,000</u>	<u>\$534,476</u>

VENICE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2005

NOTE 4. INTERFUND

At March 31, 2005, individual interfund receivable and payable balances were:

	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
General Fund	\$ 18,605	\$ 19,758
Tax Fund	-0-	19,587
Trust & Agency Fund	-0-	-0-
Sewer Fund	145	-0-
Fire Fund	2,907	-0-
Capital Projects Fund	<u>19,758</u>	<u>2,070</u>
	<u>\$ 41,415</u>	<u>\$ 41,415</u>

NOTE 5. PROPERTY TAXES

Taxes levied on December 1, are payable on February 14. The township bills and collects its own property taxes and taxes for the county and local school districts. Collections of the county and school taxes and remittances of them are accounted for in the current tax collection fund. Township property taxes are recognized when levied to the extent that they result in current receivables.

NOTE 6. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>BALANCE 3-31-04</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE 3-31-05</u>
Land and Bldgs.	\$1,049,587	\$ -0-	\$	\$1,049,587
Office Equip.	42,212	-0-		42,212
Fire Equip.	524,094	12,539		536,633
Construction in Progress	<u>-0-</u>			<u>-0-</u>
	<u>\$1,615,893</u>	<u>\$12,539</u>	<u>\$ -0-</u>	<u>\$1,628,433</u>

VENICE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2005

NOTE 7. SEWER FUND

On October 1, 1977, the Townships of Venice and Clayton and the Village of Lennon entered into a contract with Genesee County whereby the County agreed to finance the cost of acquisition of sanitary sewage facilities for the Townships and Village. Pursuant to this agreement, Genesee County issued \$1,960,000 of its bonds. As of March 31, 2005, the township of Venice has completely paid off its portion of the bonds.

Subsequent to this, on January 30, 1979, the Township entered into an agreement with Genesee County for the operation and maintenance of the system on behalf of the Township. The agreement includes the handling of the billing process for both usage and connection by the County. In return, the Township agrees to pay fees to the County, as established, for these billings as well as fees for maintenance of the system and sewage treatment.

The contribution in aid of construction is amortized by the same method and over the same life as the assets are depreciated.

Property owners along with the South and North M-13 sewer extensions were assessed for the proportionate costs associated with the extensions. Interest is payable by the property owners at the same rate of interest as that paid by the township. The amount owed on this assessment at March 31, 2005, is \$16,290.

NOTE 8. ROAD SPECIAL ASSESSMENT

During 1995, the Township approved road improvements to the Ganssley Subdivision. The total cost of the project, completed by the Shiawassee County Road Commission, was \$87,319. Venice Township was to be responsible for paying for \$28,815 and \$58,503 was to be paid by the subdivision property owners. Payments (including interest at 4%) were to be assessed yearly, for twenty years, on the tax roll.

As of March 31, 2005, the outstanding principal balance owed to the Township is \$22,523.

VENICE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2005

NOTE 9. LONG-TERM DEBT

On April 1, 2002, the township adopted a resolution to enter into an installment agreement with a local financial institution not to exceed \$750,000. The loan was authorized under P.A. Act 99, of 1933. Proceeds will be used to finance the building of a new fire and township hall.

The principal balance of the loan shall be repaid in twenty eight equal quarterly installments of \$26,785.72, plus accrued interest at the rate of 4.96%.

The loan may be prepaid, in whole, on any payment date after May 1, 2007 at par plus accrued interest without a prepayment penalty.

Prepayments not to exceed \$15,000 per calendar year can be made with a thirty days notice.

The annual principal and interest requirements through maturity as of March 31, 2005, are as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2005	\$ 80,358	\$ 15,710	\$ 96,068
2006	107,144	16,296	123,440
2007	107,144	10,983	118,127
2008	107,141	5,668	112,809
2009	<u>47,324</u>	<u>841</u>	<u>48,165</u>
	<u>\$449,111</u>	<u>\$ 49,498</u>	<u>\$498,609</u>

NOTE 10: NOTES RECEIVABLE - VILLAGE OF LENNON

On June 9, 2003, the township entered into an agreement with the Village of Lennon for the sale of the townships old fire hall to the village. The purchase price is \$75,250 to be paid in seven equal installments of \$10,750 or more. The second payment was paid July 2004 in the amount of \$10,750.00. The outstanding balance as of March 31, 2005 was \$53,750.

VENICE TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2005

NOTE 11. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN  
BUDGETARY FUNDS

During the year ended March 31, 2005, the Township incurred expenditures in certain funds which were in excess of the amount appropriated, as follows:

<u>PRIMARY GOVERNMENT</u>	<u>TOTAL APPROPRIATION</u>	<u>AMOUNT OF EXPENDITURES</u>	<u>BUDGET VARIANCE</u>
GENERAL FUND			
Cemetery			
Salaries	\$ 9,600	\$10,919	\$(1,319)
Assessor			
Salaries	14,500	14,820	(320)
Supplies	2,200	2,859	(659)
FIRE FUND			
Social Security & Medicare	-0-	1,517	(1,517)
Education & Memberships	3,450	3,805	(355)
Office Supplies	250	747	(497)

OTHER FINANCIAL INFORMATION

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

VENICE TOWNSHIP  
GENERAL FUND  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Cash	\$113,094	\$143,121
Cash - Restricted - Owen Trust	1,000	1,000
Taxes Receivable	2,314	2,685
Due from Other Funds	18,605	14,753
Prepaid Insurance	-0-	3,895
Due from County	<u>3,797</u>	<u>-0-</u>
	<u>\$138,810</u>	<u>\$165,454</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ 7,951	\$ 30,057
Due to Other Funds	<u>19,758</u>	<u>19,758</u>
	\$ 27,709	\$ 49,815
 Fund Balance	 <u>111,101</u>	 <u>115,639</u>
	<u>\$138,810</u>	<u>\$165,454</u>

The accompanying notes are an integral  
part of the financial statements.

VENICE TOWNSHIP  
GENERAL FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
YEARS ENDED MARCH 31, 2005 AND 2004

	<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
			(OVER) UNDER <u>BUDGET</u>
REVENUES:			
Taxes:			
Road Assmts. \$		\$ 3,226	\$ 4,682
TOTAL TAXES \$	3,300	3,226	4,682
Fees & Permits:			
Adm. Fees \$		19,658	18,809
Licenses,			
Permits,			
Misc. _____		2,366	1,924
TOTAL FEES & PERMITS \$	11,900	22,024	20,733
Intergovernmental:			
State of MI:			
Shared			
Revenues _____		144,151	150,526
TOTAL INTER- GOVERNMENTAL \$	130,000	144,151	150,526
Miscellaneous:			
Interest \$ 500		1,915	230
Refunds & Misc. -0-		724	1,841
Cable TV			
Royalties 3,400		5,829	5,716
Principal			
Old Fire Hall -0-		10,750	10,750
Cemetery Lots 750		1,150	2,030
H.B. 4993			
Landfill 105,000		147,877	131,831
TOTAL MISC. \$	109,650	168,245	152,398
TOTAL REV. \$	254,850	337,646	328,339

The accompanying notes are an integral part of the financial statements.

VENICE TOWNSHIP  
GENERAL FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (CONTINUED)  
YEARS ENDED MARCH 31, 2005 AND 2004

	<u>2005</u>		<u>2004</u>
		ACTUAL (OVER) UNDER	
<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
EXPENDITURES:			
Twp. Board:			
Salaries \$ 3,000	\$ 2,750	\$ 250	\$ 3,250
Supp. & Post. 1,550	420	1,130	1,949
Legal & Audit 5,000	3,650	1,350	4,000
Memberships 1,500	1,232	268	1,129
Printing & Pub. 200	19	181	68
Trl Tax & Misc. 400	248	152	406
Land Acquisitions -			
New Hall Imp. 150	144	6	7,594
Contributions -			
Shiawassee Co.			
Library 500	-0-	500	-0-
\$ 12,300	\$ 8,463	\$ 3,837	\$ 18,396
Supervisor:			
Salary \$ 7,950	\$ 7,691	\$ 259	\$ 7,671
Deputy -0-	-0-	-0-	-0-
\$ 7,950	\$ 7,691	\$ 259	\$ 7,671
Clerk:			
Salary \$ 8,700	\$ 8,112	\$ 588	\$ 8,112
Deputy 1,500	1,500	-0-	1,500
Office Supp. & Misc. 450	88	362	7
\$ 10,650	\$ 9,700	\$ 950	\$ 9,619
Board of			
Review \$ 600	\$ 210	\$ 390	\$ 720
Misc. 550	60	490	24
\$ 1,150	\$ 270	\$ 880	\$ 744

The accompanying notes are an integral part of the financial statements.

VENICE TOWNSHIP  
GENERAL FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (CONTINUED)  
YEARS ENDED MARCH 31, 2005 AND 2004

	<u>2005</u>		<u>2004</u>	
	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
EXPENDITURES:				
Treasurer:				
Salary	\$ 8,000	\$ 8,000	\$ -0-	\$ 8,095
Deputy	1,500	1,500	-0-	1,500
Office Supp.	100	-0-	100	-0-
Tax Roll				
Prep.	5,500	3,093	2,407	4,136
Postage &				
Misc.	<u>1,500</u>	<u>608</u>	<u>892</u>	<u>1,717</u>
	\$ 16,600	\$ 13,201	\$ 3,399	\$ 15,448
Twp. Hall:				
Utilities	\$ 15,500	\$ 10,664	\$ 4,836	\$ 12,242
Rep. & Maint.	6,500	6,396	104	3,721
Telephone	<u>2,000</u>	<u>1,921</u>	<u>79</u>	<u>1,948</u>
	\$ 24,000	\$ 18,981	\$ 5,019	\$ 17,911
Cemetery:				
Salaries	\$ 9,600	\$ 10,919	\$ (1,319)	\$ 9,096
Rep. & Maint.	<u>11,000</u>	<u>650</u>	<u>10,350</u>	<u>3,430</u>
	\$ 20,600	\$ 11,569	\$ 9,031	\$ 12,526
Assessor:				
Salary	\$ 14,500	\$ 14,820	\$ (320)	\$ 10,088
Supplies	<u>2,200</u>	<u>2,859</u>	<u>(659)</u>	<u>676</u>
	\$ 16,700	\$ 17,679	\$ (979)	\$ 10,764
Elections:				
Salaries	\$ 3,500	\$ 3,085	\$ 415	\$ -0-
Print. & Pub.	250	228	22	-0-
Supplies	2,500	2,396	104	-0-
Postage &				
Misc.	<u>900</u>	<u>430</u>	<u>470</u>	<u>-0-</u>
	\$ 7,150	\$ 6,139	\$ 1,011	\$ -0-

The accompanying notes are an integral part of the financial statements.

VENICE TOWNSHIP  
GENERAL FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE (CONTINUED)  
YEARS ENDED MARCH 31, 2005 AND 2004

	<u>2005</u>		<u>2004</u>	
	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
Planning Commission:				
Salaries \$	7,000	\$ 4,120	\$ 2,880)	\$ 6,595
Supp. & Misc	2,400	826	1,574	1,034
Education	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
\$	9,400	\$ 4,946	\$ 4,454	\$ 7,629
Principal-				
LTD \$	119,000	\$ 112,677	\$ 6,323	\$ 107,854
Interest Exp	26,000	25,392	608	30,995
Drains at				
Large	30,000	12,900	17,100	21,466
Roads	120,000	100,608	19,392	64,918
Street Lights	3,750	3,610	140	3,890
Comp. Equip.	4,500	3,901	599	3,588
Insurance	22,500	22,190	310	21,865
Social Sec.	3,750	3,342	408	3,608
Landfill				
Adv.	<u>575</u>	<u>495</u>	<u>80</u>	<u>630</u>
TOTAL				
EXPEND. \$	<u>456,575</u>	\$ <u>383,754</u>	\$ <u>72,821</u>	\$ <u>359,522</u>
EXCESS OF REVENUES				
OVER (UNDER)				
EXPEND. \$	(201,725)	\$ (46,108)	\$ (155,617)	\$ (31,183)
OTHER SOURCES (USES) OF FUNDS:				
Transfers In	100,000	\$ 50,000	\$ 50,000	\$ -0-
Transf. Out	<u>-0-</u>	<u>(8,430)</u>	<u>8,430</u>	<u>(41,717)</u>
EXCESS OF REVENUES				
OVER (UNDER)				
EXPENDITURES				
AND OTHER				
SOURCES (USES)				
OF FUNDS \$	<u>(101,725)</u>	\$ (4,538)	\$ <u>(97,187)</u>	\$ (72,900)
Fund Balance at Beginning				
of Year		<u>115,639</u>		<u>188,539</u>
FUND BALANCE AT END				
OF YEAR		\$ <u>111,101</u>		\$ <u>115,639</u>

The accompanying notes are an integral part of the financial statements.

SPECIAL REVENUE FUNDS

FIRE FUND - To account for the tax millage  
to be used for the acquisition  
of fire equipment and fire  
services.

VENICE TOWNSHIP  
FIRE FUND  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Cash	\$ 94,774	\$86,082
Taxes Receivable	4,806	5,866
Prepaid Insurance	-0-	-0-
Due from Other Funds	<u>2,907</u>	<u>2,764</u>
	<u>\$102,487</u>	<u>\$94,172</u>

LIABILITIES AND FUND EQUITY

Accounts Payable	\$ <u>1,046</u>	\$ <u>5,481</u>
	\$ 1,046	\$ 5,481
Fund Balance	<u>101,441</u>	<u>89,231</u>
	<u>\$102,487</u>	<u>\$94,712</u>

The accompanying notes are an integral  
part of the financial statements.

VENICE TOWNSHIP  
FIRE FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
YEARS ENDED MARCH 31, 2005 AND 2004

	<u>2005</u>		<u>2004</u>	
	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
REVENUES:				
Grants	\$	\$ 5,750	\$ (5,750)	\$ -0-
Donations		-0-	-0-	185
Taxes	54,856	54,488	368	52,513
Interest & Misc.	120	3,385	(3,265)	276
Chgs. For Ser	<u>1,000</u>	<u>1,470</u>	<u>(470)</u>	<u>3,250</u>
TOTAL REV.	\$ 55,976	\$ 65,093	\$ (9,117)	\$ 56,224
EXPENDITURES:				
Salaries- Chief	\$ 4,000	\$ 4,000	\$ -0-	\$ 4,000
Salaries- Others	21,025	15,829	5,196	19,393
S.S. & Medi.	-0-	1,517	(1,517)	1,790
Vehicle Gas, Maint.	10,000	6,197	3,803	8,175
Utilities	-0-	-0-	-0-	428
Telephone	1,400	1,156	244	1,356
Educ. & Memb.	3,450	3,805	(355)	3,489
Insurance	1,500	1,484	16	1,782
Equip. & Maint.	38,000	23,607	14,393	32,460
Supp. & Misc.	250	747	(497)	210
Medical	3,500	2,488	1,012	3,072
Misc.	<u>6,050</u>	<u>483</u>	<u>5,567</u>	<u>629</u>
	\$ 89,175	\$ 61,313	\$ 27,862	\$ 76,784
EXCESS OF REVENUES OVER (UNDER)				
EXPEND.	\$ (33,199)	\$ 3,780	\$ (36,979)	\$ (20,560)
OTHER SOURCES (USES) OF FUNDS:				
Transfers In	<u>10,000</u>	<u>8,430</u>	<u>1,570</u>	<u>41,717</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES & OTHER SOURCES (USES) OF FUNDS	\$ (23,199)	\$ 12,210	\$ (35,409)	\$ 21,157
Fund Balance at 4-1-04		<u>89,231</u>		<u>68,074</u>
FUND BALANCE AT 3-31-04		<u>\$101,441</u>		<u>\$ 89,231</u>

The accompanying notes are an integral part of the financial statements.

CAPITAL PROJECTS FUNDS

REVOLVING AND IMPROVEMENT FUND

Revolving and Improvement Fund is used to account for money set aside by the Township Board for future improvements within the Township.

BUILDING FUND

Building Fund is used to account for the financial resources used for construction of township hall/fire hall.

VENICE TOWNSHIP  
CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEETS  
MARCH 31, 2005 AND 2004

	<u>2005</u>			<u>2004</u>
	<u>CAPITAL IMPROVEMENT FUND</u>	<u>BUILDING FUND</u>	<u>COMBINED</u>	<u>COMBINED</u>
Cash	\$327,628	\$58,668	\$386,296	\$331,006
Accrued Int. Rec.	-0-		-0-	157
Due from Other Funds	<u>19,758</u>		<u>19,758</u>	<u>19,758</u>
	<u>\$347,386</u>	<u>\$58,668</u>	<u>\$406,054</u>	<u>\$350,921</u>
Due to Other Funds	\$ 2,070	\$	\$ 2,070	\$ 2,070
Fund Balance	<u>345,316</u>	<u>58,668</u>	<u>403,984</u>	<u>348,851</u>
	<u>\$347,386</u>	<u>\$58,668</u>	<u>\$406,054</u>	<u>\$350,921</u>

The accompanying notes are an integral  
part of the financial statements.

VENICE TOWNSHIP  
CAPITAL PROJECTS FUND  
COMBINING STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES IN FUND BALANCES  
YEARS ENDED MARCH 31, 2005 AND 2004

	<u>2005</u>		<u>2004</u>	
	<u>CAPITAL IMPROVEMENT FUND</u>	<u>BUILDING FUND</u>	<u>COMBINED</u>	<u>COMBINED</u>
Revenues:				
Loan Proceeds	\$	\$	\$	\$ -0-
Landfill Fees	100,402		100,402	92,280
Interest Income	<u>3,858</u>	<u>873</u>	<u>4,731</u>	<u>2,814</u>
	\$104,260	\$ 873	\$ 105,133	\$ 95,094
Expenditures:				
Township Hall	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Excess of Revenues Over (Under) Expenditures	\$104,260	\$ 873	\$ 105,133	\$ 94,094
Other Sources (Uses) of Funds:				
Transfer to Other Funds	<u>(50,000)</u>	<u>          </u>	<u>(50,000)</u>	<u>-0-</u>
Excess of Revenues Over (Under) Expenditures and Other Sources (Uses) of Funds	\$ 54,260	\$ 873	\$ 55,133	\$ 95,094
Fund Balance April 1, 2004	<u>291,056</u>	<u>57,795</u>	<u>348,851</u>	<u>253,757</u>
FUND BALANCE MARCH 31, 2005	<u>\$345,316</u>	<u>\$ 58,668</u>	<u>\$403,984</u>	<u>\$348,851</u>

The accompanying notes are an integral  
part of the financial statements.

VENICE TOWNSHIP  
CAPITAL IMPROVEMENT FUNDS  
COMPARATIVE COMBINING BALANCE SHEET  
MARCH 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
ASSETS:		
Cash in Bank	\$327,628	\$273,211
Accrued Interest Receivable	-0-	157
Due from Other Funds	<u>19,758</u>	<u>19,758</u>
	<u>\$347,386</u>	<u>\$293,126</u>
 Due to Other Funds	 \$ 2,070	 \$ 2,070
FUND BALANCE	<u>345,316</u>	<u>291,056</u>
	<u>\$347,386</u>	<u>\$293,126</u>

The accompanying notes are an integral  
part of the financial statements.

VENICE TOWNSHIP  
CAPITAL IMPROVEMENT FUND  
COMPARATIVE COMBINING STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES IN FUND BALANCE  
YEARS ENDED MARCH 31, 2005 AND 2004

	<u>2005</u>		<u>2004</u>	
	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
REVENUES:				
Interest Earned \$	500	\$ 3,858	\$ (3,358)	\$ 2,086
Landfill Fees	<u>96,500</u>	<u>102,402</u>	<u>(3,902)</u>	<u>92,280</u>
	\$ 97,000	\$104,260	\$ (7,260)	\$ 94,366
EXPENDITURES:				
Township Hall	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	\$ 97,000	\$104,260	\$ (7,260)	\$ 94,366
OTHER SOURCES (USES) OF FUNDS:				
Transfer from				
Other Funds	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Transfer to				
Other Funds	<u>(110,000)</u>	<u>(50,000)</u>	<u>(60,000)</u>	<u>-0-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) OF FUNDS				
	\$ <u>(13,000)</u>	\$ 54,260	\$ <u>(67,260)</u>	\$ 94,366
Fund Balance April 1, 2004		<u>291,056</u>		<u>196,690</u>
FUND BALANCE MARCH 31, 2005		<u>\$345,316</u>		<u>\$291,056</u>

The accompanying notes are an integral  
part of the financial statements.

VENICE TOWNSHIP  
BUILDING FUNDS  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
ASSETS:		
Cash	\$ <u>58,668</u>	\$ <u>57,795</u>
LIABILITIES AND FUND BALANCE:		
Fund Balance	\$ <u>58,668</u>	\$ <u>57,795</u>

The accompanying notes are an integral  
part of the financial statements.

VENICE TOWNSHIP  
BUILDING FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
MARCH 31, 2005 AND 2004

	<u>2005</u>		<u>2004</u>	
	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
REVENUES:				
Loan Proceeds \$	57,558	\$ -0-	\$ 57,558	\$ -0-
Interest Inc.	<u>-0-</u>	<u>873</u>	<u>(873)</u>	<u>728</u>
TOTAL REV. \$	57,558	\$ 873	\$ 56,685	\$ 728
EXPENDITURES \$ -0- \$ -0- \$ -0- \$ -0-				
Excess of Revenues Over (Under) Expenditures \$	57,558	\$ 873	\$ 56,685	\$ 728
OTHER SOURCES (USES) OF FUNDS:				
Transfer to Other Funds	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess of Revenues Over (Under) Expenditures and Other Sources (Uses) of Funds \$	<u>57,588</u>	\$ 873	\$ <u>56,685</u>	\$ 728
Fund Balance April 1, 2005		<u>57,795</u>		<u>57,067</u>
FUND BALANCE MARCH 31, 2005 \$		<u>58,668</u>		\$ <u>57,795</u>

The accompanying notes are an integral  
part of the financial statements.

ENTERPRISE FUND

SEWER FUND

The Sewer Fund is used to account for sewer services to the residents of the Township. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations and related debt service.

VENICE TOWNSHIP  
SEWER FUND  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
CURRENT ASSETS:		
Cash	\$ 36,867	\$ 27,097
Sewer Fees Receivable	12,316	9,106
Due from County	3,966	4,051
Due from Other Funds	145	144
Current Portion - Connection Fees	<u>1,882</u>	<u>1,882</u>
	\$ 55,176	\$ 42,280
Property and Plant:		
Property and Plant	\$1,157,875	\$1,157,875
Accumulated Depreciation	<u>309,403</u>	<u>294,760</u>
	\$ 848,472	\$ 863,115
Connection Fees Receivable, Less Current Portion	<u>16,232</u>	<u>18,114</u>
	<u>\$ 919,880</u>	<u>\$ 923,509</u>

LIABILITIES AND RETAINED EARNINGS

Current Liabilities:		
Accounts Payable	\$ <u>2,012</u>	\$ <u>1,386</u>
TOTAL CURRENT LIABILITIES	\$ 2,012	\$ 1,386
Long-Term Liabilities:		
Deferred Assmt. Revenue	<u>16,290</u>	<u>18,100</u>
TOTAL LONG-TERM LIABILITIES	\$ 16,290	\$ 18,100

The accompanying notes are an integral part of the financial statements.

VENICE TOWNSHIP  
SEWER FUND (CONTINUED)  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2005 AND 2004

LIABILITIES AND RETAINED EARNINGS (CONTINUED)

	<u>2005</u>	<u>2004</u>
Fund Equity:		
Contribution in Aid of		
Construction	\$ 720,296	\$ 720,296
Accumulated Amortization	<u>240,100</u>	<u>230,496</u>
	\$ 480,196	\$ 489,800
Retained Earnings	<u>421,382</u>	<u>414,223</u>
TOTAL FUND EQUITY	<u>901,578</u>	<u>904,023</u>
	<u>\$ 919,880</u>	<u>\$ 923,509</u>

The accompanying notes are an integral  
part of the financial statements.

VENICE TOWNSHIP  
SEWER FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN RETAINED EARNINGS  
YEARS ENDED MARCH 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
REVENUES:		
Sewer Revenues	\$ 42,084	\$ 36,989
Interest on Hook-Ups	986	1,092
Tap In Fees & Misc.	<u>243</u>	<u>6,131</u>
TOTAL REVENUES	\$ 43,313	\$ 44,212
EXPENDITURES:		
Operation of Plant	\$ 24,416	\$ 24,487
Maint. & Misc.	6,525	7,388
Interest Exp. & Misc.	175	-0-
Depreciation Exp.	<u>14,642</u>	<u>14,641</u>
TOTAL EXPENDITURES	\$ <u>45,758</u>	\$ <u>46,516</u>
NET INCOME (LOSS)	\$ (2,445)	\$ (2,304)
OTHER SOURCES (USES) OF FUNDS:		
Transfer In	\$ <u>-0-</u>	\$ <u>-0-</u>
NET INCOME (LOSS) AFTER OTHER SOURCES OF FUNDS	\$ (2,445)	\$ (2,304)
Current Year Amortization of Contribution in Aid of Construction	\$ 9,604	\$ 9,604
Retained Earnings at April 1, 2004	<u>414,223</u>	<u>406,923</u>
RETAINED EARNINGS AT MARCH 31, 2005	<u>\$421,382</u>	<u>\$414,223</u>

The accompanying notes are an integral  
part of the financial statements.

VENICE TOWNSHIP  
SEWER FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Cash Flows from Operating Activities:		
Net Income (Net of Amortization) \$	7,159	\$ 7,299
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	14,642	14,641
Amortization	(9,604)	(9,604)
(Increase) Decrease in Rec.	(1,328)	(1,315)
(Decrease) Increase in Accts. Payable	626	(18,393)
(Increase) Decrease in Due from Other Funds	85	3,474
Increase (Decrease) in Deferred Revenue	<u>(1,810)</u>	<u>(1,810)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 9,770	\$ (3,078)
Cash Flows from Investing Activities:		
Fixed Assets Expenditures	\$ -0-	\$ -0-
Cash Flows from Financing Activities:		
Principal Payments	<u>-0-</u>	<u>-0-</u>
NET INCREASE (DECREASE) IN CASH	\$ 9,770	\$ (3,078)
Cash at Beginning of Year	<u>27,097</u>	<u>30,175</u>
CASH AT END OF YEAR	\$ <u>36,867</u>	\$ <u>27,097</u>
Supplemental Disclosure of Cash Flow Information:		
Cash Paid During the Year For:		
Interest	\$ <u>-0-</u>	\$ <u>-0-</u>

The accompanying notes are an integral  
part of the financial statements.

FIDUCIARY FUNDS

Trust and Agency Funds

The Trust and Agency Fund is used to collect and account for monies due to other entities.

Current Tax Collection Fund

Current Tax Collection Fund is used to receive the Township's current tax and to distribute such monies to the local school districts, county and township general fund.

VENICE TOWNSHIP  
FIDUCIARY FUNDS  
COMBINING BALANCE SHEET  
MARCH 31, 2005 AND 2004

2005

	<u>TRUST AND AGENCY</u>	<u>CURRENT TAX COLLECTIONS</u>	<u>COMBINED</u>	<u>2003</u>
ASSETS:				
Cash	\$ -0-	\$102,445	\$102,445	\$ 66,278
Due from Other Funds	-0-	-0-	-0-	-0-
Due from Other Entities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	\$ <u>-0-</u>	\$ <u>102,445</u>	\$ <u>102,445</u>	\$ <u>66,278</u>
LIABILITIES AND FUND BALANCE:				
Due to Other Funds	\$ 187	\$ 24,753	\$ 24,753	\$ 15,591
Due to Other Taxing Entities	<u>-0-</u>	<u>77,692</u>	<u>77,692</u>	<u>50,687</u>
	\$ <u>-0-</u>	\$ <u>102,445</u>	\$ <u>102,445</u>	\$ <u>66,278</u>

The accompanying notes are an integral  
part of the financial statements.

VENICE TOWNSHIP  
TRUST AND AGENCY FUND  
BALANCE SHEET  
MARCH 31, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Cash	\$ <u>-0-</u>	\$ <u>187</u>

LIABILITIES

Due to Other Funds	\$ <u>-0-</u>	\$ <u>187</u>
	\$ <u>-0-</u>	\$ <u>187</u>

The accompanying notes are an integral  
part of the financial statements.

VENICE TOWNSHIP  
TRUST AND AGENCY FUND  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED MARCH 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Cash and Certificates on Hand, Beginning of Year	\$ <u>187</u>	\$ <u>187</u>
Cash Disbursements:		
Transfer to Other Funds	\$ <u>187</u>	\$ <u>-0-</u>
TOTAL CASH DISBURSEMENTS	\$ 187	\$ -0-
 CASH AND CERTIFICATES ON HAND - END OF YEAR	 \$ <u>-0-</u>	 \$ <u>187</u>

The accompanying notes are an integral  
part of the financial statements.

VENICE TOWNSHIP  
CURRENT TAX COLLECTION FUND  
BALANCE SHEET  
MARCH 31, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Cash	\$102,445	\$ 66,091
Due from Other Entities		
Due from Other Funds		
	<u>\$102,445</u>	<u>\$ 66,091</u>

LIABILITIES

Due to Other Funds	\$ 19,587	\$ 15,404
Due to Other Entities	79,501	50,687
Due to Taxpayers	<u>3,357</u>	<u>-0-</u>
	<u>\$102,445</u>	<u>\$ 66,091</u>

The accompanying notes are an integral  
part of the financial statements.

VENICE TOWNSHIP  
CURRENT TAX COLLECTION FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES  
YEAR ENDED MARCH 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
CASH RECEIPTS:		
2004 and 2003 Roll Property Tax Collections For:		
Shia. Co. \$965,285	\$889,578	
Corunna School Dist. 117,456	118,079	
Durand School Dist. 266,970	233,276	
Venice Twp. <u>118,729</u>	<u>\$1,468,440</u>	<u>85,557</u>
		\$1,326,490
Other Receipts:		
Special Road Assessment Payment \$ 2,200	\$ 2,412	
Overpayment & Reimb. 3,357	1,898	
Delinquent Taxes & Fees 19,973	17,771	
Dog Licenses 1,560	630	
Interest <u>957</u>	<u>28,047</u>	<u>22,984</u>
TOTAL CASH RECEIPTS	\$1,496,487	\$1,349,474
CASH DISBURSEMENTS:		
Shia. Co. \$949,774	\$914,687	
Corunna School Dist. 117,834	120,020	
Durand School Dist. 259,888	229,879	
Ambulance 27,308	38,585	
Venice Twp:		
Library 24,744	-0-	
General Fund 16,193	5,819	
Fire Fund 55,405	73,942	
Sewer Fund 8,249	9,394	
Ref. & Fees <u>738</u>	<u>1,433</u>	<u>1,393,759</u>
EXCESS OF CASH RECEIPTS OVER CASH DISBURSE. \$ 36,354		\$ (44,285)
CASH BALANCES:		
Cash Balance at 3-31-04	<u>66,091</u>	<u>110,376</u>
CASH BALANCE AT 3-31-05	<u>\$ 102,445</u>	<u>\$ 66,091</u>

The accompanying notes are an integral part of the financial statements.

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets of the township.

VENICE TOWNSHIP  
GENERAL FIXED ASSET ACCOUNT GROUP  
SCHEDULE OF GENERAL FIXED ASSETS  
MARCH 31, 2004

ASSETS

Building and Land	\$1,049,587
Office Equipment	42,213
Fire Equipment	<u>536,633</u>
	<u>\$1,628,433</u>

FUND BALANCE

Investment in General Fixed Assets	<u>\$1,628,433</u>
------------------------------------	--------------------

The accompanying notes are an integral  
part of the financial statements.

VENICE TOWNSHIP  
GENERAL FIXED ASSET ACCOUNT GROUP  
ANALYSIS OF CHANGE IN FUND BALANCE  
MARCH 31, 2005

	<u>BALANCE</u> <u>3-31-04</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>3-31-05</u>
Land &				
Buildings	\$1,049,587	\$ -0-	\$ -0-	\$1,049,587
Office Equip.	42,212	-0-	-0-	42,213
Fire Equip.	<u>524,094</u>	<u>12,539</u>	<u>-0-</u>	<u>536,633</u>
	<u>\$1,615,893</u>	<u>\$12,539</u>	<u>\$ -0-</u>	<u>\$1,628,433</u>

The accompanying notes are an integral  
part of the financial statements.

GENERAL LONG-TERM DEBT

To account for the long-term contract payable for construction of a new fire hall and township hall.

VENICE TOWNSHIP  
GENERAL LONG-TERM DEBT ACCOUNT GROUP  
BALANCE SHEET  
MARCH 31, 2005

ASSETS

2005

Amount to be Provided for the  
Retirement of Contracts

\$449,111

LIABILITIES

Loans Payable

\$449,111

The accompanying notes are an integral  
part of the financial statements.

VENICE TOWNSHIP  
ANALYSIS OF CHANGE IN FUND BALANCE  
MARCH 31, 2005

	<u>BALANCE</u> <u>3-31-04</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>3-31-05</u>
Bank Note Payable - Building	<u>\$561,788</u>	<u>\$ -0-</u>	<u>\$112,677</u>	<u>\$449,111</u>

The accompanying notes are an integral  
part of the financial statements.

VENICE TOWNSHIP  
LOANS PAYABLE - TOWNSHIP HALL  
MARCH 31, 2005

<u>DATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL PAYMENT</u>
05-01-2005	\$ 26,786	\$ 5,569	\$ 32,355
08-01-2005	26,786	5,236	32,022
11-01-2005	26,786	4,905	31,691
02-01-2006	26,786	4,572	31,358
05-01-2006	26,786	4,240	31,026
08-01-2006	26,786	3,908	30,694
11-01-2006	26,786	3,576	30,362
02-01-2007	26,786	3,244	30,030
05-01-2007	26,786	2,911	29,697
08-01-2007	26,786	2,580	29,366
11-01-2007	26,786	2,248	29,034
02-01-2008	26,786	1,915	28,701
05-01-2008	26,786	1,583	28,368
08-01-2008	26,785	1,251	28,036
11-01-2008	26,785	919	27,704
02-01-2009	26,785	587	27,372
05-01-2009	20,539	254	20,793
	<u>\$449,111</u>	<u>\$49,498</u>	<u>\$498,609</u>

The accompanying notes are an integral  
part of the financial statements.



# DEMIS and WENZLICK, P.C.

Certified Public Accountants

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Lori S. Chant, C.P.A.  
Geraldine Terry, C.P.A.

**RECEIVED**

DEPT. OF TREASURY

MAR 14 2006

Venice Township  
Lennon, Michigan

## LOCAL AUDIT & FINANCE DIV.

In compliance with the provisions of Section 11, of Act 2, P.A. of 1968, we wish to render our report of comments and recommendations which were formulated as a result of the examination our firm performed on the financial statements of Venice Township for the year ended March 31, 2005.

### GENERAL LEDGER AND CASH ACCOUNTS

The township is currently using the Uniform Chart of Accounts required by the Michigan Department of Treasury for Local Units of Government for recording revenues and expenditures. Each fund has a separate cash account maintained by the clerk which should be reconciled at the end of each month with the records maintained by the treasurer.

During our audit we noted cash accounts that were not in agreement with the records of the treasurer. For example, there were checks written and recorded in the general ledger that were not recorded on the books of the treasurer. We recommend that all cash accounts be reviewed and reconciled between the clerk and treasurer monthly.

### SPECIAL REVENUE FUNDS

The township has Special Revenue Funds for Fire Maintenance and Fire Protection. Separate funds are required by the Department of Treasury for local units which levy special millage for fire protection. The township has separate checking accounts for both funds and separate funds in the ledger.

During our audit we noted that several expenditures for the Fire Protection Fund were paid for from the General Fund and recorded in the individual Fire Funds. We also noted several deposits which should have been deposited into the Fire Fund checking accounts, however, were deposited into General Fund checking.

## SPECIAL REVENUE FUND (CONTINUED)

We recommend that all Special Revenue Fund revenues and expenditures be deposited and paid from the appropriate checking account. The township may approve transfers from the general fund to the special revenue funds when the funds in the accounts are insufficient to cover expenditures.

### CASH RECEIPTS

All monies collected by the township should be receipted. Each receipt should have enough information to enable proper recording into the general ledger. We noted receipts with insufficient information for proper recording into the general ledger.

### TAX ACCOUNT

In the tax fund, checks were written to other township funds for monies owed as of March 31, 2005. However, some of these checks did not clear the bank until in May, 2005. All monies should be paid to the appropriate entity by March 31.

We recommend tax collections be disbursed to and deposited by the various funds on a timely basis.

### BUDGET

The state revenue sharing distribution law, P.A. 176, of 1980, includes a compliance requirement in budgeting. It is important under this act that expenditures do not exceed the budget. Expenditures include accounts payable at March 31. Budgeted expenditures cannot exceed budgeted revenues plus the beginning fund balance. During our audit we noticed several expenditures exceeded budgeted amounts. Care should be taken that expenditures do not exceed the budget.

We would like to thank the staff of the Township and the Township Board for the excellent cooperation we received for this year's audit. Our firm would be most happy to assist you in any way toward implementing the above recommendations, or any other matter the board may wish to review with us.

Very truly yours,

*Dennis and Wenzel, P.C.*

Certified Public Accountants